

Message Text

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PAGE 01 BUDAPE 01588 291508Z

51

ACTION EUR-08

INFO OCT-01 EURE-00 ISO-00 EB-03 /012 W

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P R 291454Z MAY 75

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC PRIORITY 3331

INFO DEPT OF COMMERCE WASHDC

C O N F I D E N T I A L BUDAPEST 1588

LIMDIS

E.O. 11652: GDS

TAGS: EXCON, HU

SUBJ: STATUS OF FAIRCHILD APPLICATION

REFS: A) STATE A-3357, MAY 13; B) STATE 78787 (APRIL 18, 1974);

C) BUDAPEST 927 (APRIL 17, 1974)

1. AT AMBASSADOR'S MAY 27 RECEPTION HONORING AMERICAN FIRMS EXHIBITING AT BUDAPEST SPRING FAIR, DR. TIBOR HOFFMAN (STATE COMMITTEE FOR TECHNICAL DEVELOPMENT) TOLD MCAULIFFE THAT TUNGSRAM BITTERLY DISAPPOINTED BY MORE THAN FIFTEEN-MONTH DELAY IN CONSUMMATING CONTRACT WITH FAIRCHILD FOR INTEGRATED CIRCUIT PROGRAM. DR. HOFFMAN TOLD MCAULIFFE AND SIND (U.S. DEPT OF COMMERCE) THAT HUNGARIAN AUTHORITIES HAD CONCLUDED THAT "FOOTDRAGGING" IN WASHINGTON MAKES IT UNLIKELY THAT ANY DECISION WOULD BE FORTHCOMING IN FORESEEABLE FUTURE. GOH HAS THEREFORE JUST BEGUN TO SEARCH ACTIVELY AMONG INTEGRATED CIRCUIT MANUFACTURERS IN OTHER ADVANCED COUNTRIES IN ORDER TO REALIZE ITS ECONOMIC PLANS.

2. COMMENT: EMBASSY HAS HEARD (BUT NOT CONFIRMED) THAT FAIRCHILD-TUNGSRAM DEAL COULD OVER TIME YIELD \$40 MILLION IN EXPORT SALES, WHICH IS BY U.S.-HUNGARIAN TRADE STANDARDS A SIZEABLE SUM. WHETHER DR. HOFFMAN AND HIS COLLEAGUES CAN IN FACT WORK OUT SATISFACTORY LICENSING ARRANGEMENTS WITH ANOTHER FIRM IN ANOTHER DEVELOPED COUNTRY IS A CONFIDENTIAL

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QUESTION WHICH THIS EMBASSY CANNOT JUDGE; BUT HE DID NOT

APPEAR TO BE BLUFFING WHEN HE STATED THAT HUNGARY HAS
DECIDED IT SHOULD SEEK A NON-U.S. SUPPLIER.

3. ACTION REQUESTED: GUIDANCE (BEYOND THAT CONTAINED
STATE 78787) ON BASIS OF WHICH EMBASSY CAN RESPOND TO
DR. HOFFMAN.
MCAULIFFE

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NNN

Message Attributes

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